

CHAPTER LXXVIII.

An Act to regulate Corporations for Manufacturing, Mining, Agricultural, Mechanical and Chemical purposes.

- SECTION 1.** Formation of Companies for manufacturing, mining, agricultural, mechanical and chemical purposes—certificates to be acknowledged.
1. Certificates to be filed with Register of Deeds.
 2. Corporate powers vested in the parties signing and acknowledging certificates.
 3. Corporation to be managed by Directors, to be elected.
 4. Election of Directors.
 5. Elections to be by ballot—each share of stock entitled to one vote.
 7. Failure to elect Directors on the day designated, no dissolution of corporation.
 8. Powers of the Directors.
 9. Payment of capital stock—sale of stock for non-payment.
 10. Stock to be deemed personal estate, and transferable.
 11. Joint and individual liability of stockholders, for debts due clerks, laborers and servants of the Company.
 13. Stockholders at the time debt is contracted—individually liable therefor for five years.
 12. Stock held by administrators or guardians, or by parties as collateral security, to be considered as in ownership of party pledging the same.
 14. Right of Executors, &c., and of persons pledging stock to vote the stock at meetings of the corporation.
 15. Capital stock to be paid in money—loan to stockholders prohibited.
 16. Right of Legislature to amend or repeal this chapter, or corporations created under it.
 17. Increase or diminution of capital stock.
 18. Public notice thereof to be given, and special notice to each stockholder.
 19. Meeting of stockholders, and proceedings to determine the question of increasing or diminishing the stock.
 20. Record of stockholders, and transfer of shares, to be kept for the inspection of stockholders or creditors.
 21. Prohibition of banking powers, under this chapter.
 22. Act takes effect on passage, and repeals acts inconsistent herewith.

Be it enacted by the Legislature of the State of Minnesota:

SECTION 1. Any three or more persons desirous of forming a corporation for the purpose of carrying on any kind of manufacturing, mining, lumbering, agricultural, mechanical or chemical business, may make, sign and acknowledge, before some officer authorized to take the acknowledgment of deeds, a certificate in writing, in which shall be stated the name of such corporation, and the objects for which the corporation shall be formed, the amount of the capital stock of such corporation, the term of its existence, which shall not exceed thirty years, the number of shares of which said stock shall consist, the number of directors and their names, who shall manage the concerns of said corporation for the first year, and the names of the town and county in which the operations of the said corporation are to be carried on.

Formation of
corporations—
Certificates to be
acknowledged

Certificate to be filed with Registrar of Deeds

SEC. 2. Such certificate shall be recorded in the office of the Registrar of Deeds of the county in which the business of the corporation shall be carried on, and a duplicate thereof shall be filed in the office of Secretary of State.

Corporate powers to whom vested—purchasing real estate, proviso

SEC. 3. When such certificate shall have been recorded as aforesaid, the persons who shall have signed and acknowledged the same, and their successors, shall be a body politic and corporate, by the name stated in such certificate, and by that name may have succession; and shall be capable of suing and being sued, and they may have a common seal, and may alter the same at pleasure; and they shall by their corporate name, be capable of purchasing, holding and conveying any real and personal estate whatsoever, which may be necessary to enable the said corporation to carry on the business named in the certificate, but shall not mortgage the same or give any lien thereon; *Provided*, That the amount of real estate so owned and held, shall not at any time exceed forty acres to each stockholder in such corporation.

Directors to manage business of corporation

SEC. 4. The stock, property and concerns of such corporation, shall be managed by not less than three, nor more than nine directors, who shall respectively be stockholders in such corporation, and who shall, except the first year, be annually elected by the stockholders, at such time and place as shall be directed by the by-laws of the corporation.

Election of Directors

SEC. 5. Public notice of the time and place of holding such election shall be given not less than ten days previous thereto, by publication in the newspaper in the State, printed nearest the place where the business of the corporation shall be carried on, or in such other manner as shall be prescribed by the by-laws of the corporation; and the election shall be made by such of the stockholders as shall attend for that purpose, either in person or by proxy.

Election by ballot not by shares of stock

SEC. 6. All elections shall be by ballot, and each share of stock shall entitle the owner to one vote in said corporation; and the persons receiving the majority of votes shall be directors; and when any vacancy shall happen among the directors, by death, resignation or otherwise, it shall be filled for the remainder of the year, in such manner as may be provided for by the by-laws of said corporation.

Failure to elect on any day designated
No dissolution of corporation

SEC. 7. In case it shall happen at any time, that an election of directors shall not be made on the day fixed for such election by the by-laws of said corporation, the corporation for that reason shall not be dissolved; but it shall be lawful on any other day to hold an election for directors, as shall be provided for by the said by-laws, and all acts of the directors shall be valid and binding as against such corporation, until their successors shall be elected; *Provided*, That if any corporation formed under the provisions of this Act, shall neglect, or refuse for a longer time than three years, to elect directors thereof, then, thereafter, for that reason said corporation shall be and remain dissolved.

Sec. 8. The directors shall have power to make and prescribe such by-laws, rules and regulations respecting the management, control and disposition of the stock, property and business of such corporation, as they may deem expedient and proper, not inconsistent with the constitution and laws of the United States, or of this State, and shall have power to appoint and employ officers, clerks and servants for conducting and carrying on the business of such corporation; and determine their duties and salaries and wages to be paid them.

Sec. 9. It shall be lawful for the directors to call in and demand from the stockholders respectively, all such sums of money by them subscribed, at such times, and in such payments or installments, as the directors shall deem proper; and if any stockholder shall fail to pay the amount so required to be paid, and at the time required for such payments, the stock of such delinquent stockholder, or such portions thereof as may be required to meet such payment, may be sold by the directors at public auction, after giving public notice of the time and place of such sale at least thirty days previous thereto, by publication of such notice in the newspaper in the State, printed nearest the place of business of such corporation, or by giving such notice in such other manner as shall be prescribed by the by-laws of such corporation; and the surplus, if any, arising from the sale of such stock, over and above the amount due thereon, shall be paid by the directors to such delinquent stockholder; and a transfer of stock so sold, made by the directors in the name of the holder of the stock, shall vest a good and valid title thereto in the purchaser; or the said corporation may commence and prosecute, in any Court of competent jurisdiction, an action against any subscriber for stock in said corporation, and recover judgment for the amount due on his subscription, with interest thereon from the time the same was required to be paid, and have execution therefor.

Sec. 10. The stock of said corporation shall be deemed personal estate, and shall be transferable in such manner as shall be prescribed by the by-laws of the corporation, but no shares shall be transferable until previous calls thereon shall have been fully paid in, or they shall have been sold, as provided in the preceding section, for the non-payment of calls thereon; and it shall not be lawful for such corporation to use any of their funds in the purchase of any stock in any other corporation.

Sec. 11. The stockholders of any corporation organized under the provisions of this Chapter, shall be jointly and individually liable for all debts that may be due and owing to all their clerks, laborers and servants, for services performed for such corporation.

Sec. 12. All such stockholders shall be jointly and individually liable for the payment of all other debts of such

Individual liability of retiring stockholders for debts contracted

corporation, to be recovered of the stockholder who is such when the debt is contracted; but he shall not be so liable except as mentioned in the preceding section, unless suit shall be commenced against such stockholder for such debt within five years from the time he shall have ceased to be a stockholder in such corporation, nor unless he shall have been a stockholder at the time when such debt or liability was contracted, nor unless an execution issued against the corporation for the collection of such debt shall have been returned unsatisfied in whole or in part.

Ownership of stock held as collateral security, or by administrators etc

Sec. 13. No person holding stock in such corporation as executor, administrator, guardian or trustee, and no person holding stock as collateral security, shall be personally subject to any liability as stockholder of such corporation, but the person pledging such stock shall be considered as holding the same, and shall be liable as a stockholder accordingly, and the estates and funds in the hands of such executor, administrator, guardian or trustee, shall be liable in like manner as the testator or intestate would have been if he had been living, or the ward or person interested in such trust fund would have been, if he had been competent to act, and held the same stock in his own name.

Rights of executors etc and person pledging stock to vote at meetings

Sec. 14. Every such executor, administrator, guardian or trustee, shall represent the shares of stock in his hands at all meetings of the corporation, and may vote accordingly as a stockholder; and every person who shall pledge his stock as aforesaid, may nevertheless represent the same at all such meetings, and may vote accordingly as a stockholder.

Capital stock to be paid in money—loans prohibited to stockholders

Sec. 15. Nothing but money shall be considered as payment of the capital stock of any corporation formed under the provisions of this Chapter, and no loan of money shall be made by any such corporation to any stockholder therein.

Legislature may amend or repeal this act

Sec. 16. The Legislature may at any time alter, amend or repeal this Chapter, or may amend or repeal any corporation formed or created under this Chapter; but such amendment or repeal shall not, nor shall the dissolution of such corporation take away or impair any remedy against any such corporation, its stockholders or officers, for any liability which shall have been previously incurred.

Capital stock how increased or diminished

Sec. 17. Any corporation formed under this Chapter may increase or diminish its capital stock, and may also extend its business to any other manufacturing, mining, lumbering, agricultural, mechanical or chemical business, in the manner hereinafter provided, and any existing company heretofore formed may come under, and avail itself of the privileges and provisions of this Chapter by complying with the following provisions; and thereupon such company, its officers and stockholders shall be subject to all the restrictions, duties and liabilities of this Chapter.

Sec. 18. Whenever any company shall desire to avail it-

self of the provisions and privileges of this Chapter, or shall desire to increase or diminish the amount of its capital stock, or extend or change its business, a meeting of the stockholders shall be called by the directors, whose duty it shall be to publish a notice of such meeting, signed by a majority of them, in a newspaper published in the county, if any shall be published therein, and if none, then in a newspaper in the State, printed nearest the principal place of business, at least three successive weeks, and to serve personally on each stockholder a written or printed copy thereof, or deposit such copy in the post office, addressed to such stockholder at his usual place of residence, at least three weeks previous to the day fixed upon for holding such meeting; such notice shall specify the object of such meeting, the time and place when and where the same shall be held, and the amount to which it is proposed to increase or diminish the capital stock, and the business to which the company would be extended or changed.

Public notice thereof to be given and private notice to stockholders

Sec. 19. At the time and place specified in the notice provided for in the preceding section, the stockholders present in person or by proxy shall organize by choosing one of the directors chairman of the meeting, and also a suitable person for secretary, and proceed to vote, and if on canvassing the votes it shall be found that votes representing at least two-thirds of all the shares of stock of such company have been given in favor of increasing or diminishing the amount of capital, or of extending or changing its business, or in favor of availing itself of the provisions and privileges of this Chapter as aforesaid, a certificate of the proceedings showing a compliance with the provisions of this Chapter, the business to which the company is extended or changed, and the amount to which the capital stock shall be increased or diminished, shall be made out, signed and verified by the affidavit of the chairman and secretary, and such certificate shall be acknowledged by the chairman and secretary, and filed and recorded, as required by the First section of this Chapter, and when so filed and recorded, the capital of such corporation shall be increased or diminished to the amount specified in such certificate, and the business extended or changed as aforesaid, and the company shall be entitled to the provisions and privileges and be subject to the liabilities of this Chapter, as the case may be.

Proceedings to determine the question of increase or decrease of capital stock

Sec. 20. It shall be the duty of the directors of every such corporation or company to cause a book to be kept by the treasurer or clerk thereof, containing the names of all persons, alphabetically arranged, who are or shall have been within six years, stockholders of such company, and showing their places of residence, the number of shares of stock held by them respectively, and the time when they respectively became the owners of such shares, every transfer of stock, and the amount of stock actually paid in, which books

Record of stockholders and transfer of shares to be kept for inspection

shall, during the usual business hours of the day, on every day, except Sunday, be open for the inspection of stockholders and creditors of the company, and their personal representatives, at the office or principal place of business of such company, in the county where its business operations shall be located, and any and every such stockholder, creditor or representative, shall have a right to make extracts from such books; and no transfer of stock shall be valid for any purpose whatever, except to render the person to whom it shall be transferred liable for the debts of the company, according to the provisions of this Chapter, until it shall have been entered therein, as required by this section, by an entry showing to and from whom transferred; such book shall be presumptive evidence of the facts therein stated, in favor of the plaintiff, in any suit or proceeding against such company, or against one or more stockholders. Every officer or agent of any such company who shall neglect to make any proper entry in such book, or shall refuse or neglect to exhibit the same to be inspected, and extracts to be taken therefrom, as provided by this section, shall be deemed guilty of a misdemeanor, and upon conviction shall be fined not exceeding five hundred dollars, or by imprisonment not exceeding six months, and the company shall forfeit and pay for every such neglect or refusal to the party injured thereby, all the damages resulting therefrom; and every company that shall neglect to keep such book open for inspection as aforesaid, shall forfeit and pay the sum of fifty dollars for every day it shall so neglect, to be sued for and recovered in the name of the State by the district or county attorney of the county in which the business of such corporation shall be located.

Sec. 21. Any company or corporation formed and organized under the provisions of this Chapter, is hereby prohibited from exercising any banking powers under any pretence whatever, under a penalty of forfeiting their right of incorporation under or by virtue of this Chapter.

Sec. 4. This Act to take effect and be in force from and after its passage, and all acts or parts of acts inconsistent with the provisions of this Act, are hereby repealed.

GEORGE BRADLEY,

Speaker of the House of Representatives.

WILLIAM HOLCOMBE,

President of the Senate.

APPROVED—August the twelfth, one thousand eight hundred and fifty-eight.

HENRY H. SIBLEY.

SECRETARY'S OFFICE, Minnesota, }
August 12, 1858. }

I hereby certify the foregoing to be a true copy of the original on file in this office.

FRANCIS BAILEY, Secretary of State.